

Practice Guide to New USPTO Proceedings and Procedures Implemented by the Leahy-Smith America Invents Act

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I. Introduction

The Leahy-Smith America Invents Act (AIA) established several new quasi-judicial trial proceedings conducted by the Patent Trial and Appeal Board (PTAB). The PTAB replaces the former Board of Patent Appeals and Interferences and will hear all patent appeals, as well as the new proceedings: post-grant reviews (PGR), including covered business-method patent (CBM) reviews; *inter partes* reviews (IPR); and derivations.¹ The AIA also expands the scope of permitted third-party pre-issuance submissions and introduces a supplemental examination procedure whereby patent owners may cure potential defects in their patents through additional prosecution.² This article provides a summary overview of each of these important new proceedings and procedures.

II. Post-Issuance Challenges: PGR, CBM³, and IPR

Portions of the AIA were enacted in response to a perception that too many “weak” patents have been and are being issued by the USPTO. The new post-issuance quasi-judicial trial proceedings, *i.e.*, PGR, CBM, and IPR are designed to offer streamlined procedures for challenging the validity of issued patents. In other words, these proceedings are intended to provide more efficient and possibly more affordable alternatives to patent challenges than federal court litigation.

The USPTO proceedings became available on September 16, 2012. Subject to certain caveats, explained below, IPR and CBM proceedings may be instituted for any patent, regardless of issue date or application date. PGR proceedings may be instituted only for US patents resulting from applications filed on or after March 16, 2013 (the implementation date of the first-inventor-to-file provisions of the AIA)⁴ and must be requested within nine months of patent issuance.

PGR, CBM, and IPR proceedings are similar in many respects, but are very different in others. One important point of comparison is the available grounds for challenging a patent in each type of proceeding. For example, both PGR and CBM proceedings allow for challenges to patent validity under any of 35 U.S.C. §§ 101, 102, 103, 112, and 251, although the prior art available under §§ 102 and 103 is more limited in CBM proceedings for first-to-invent patents as compared to first-inventor-to-file patents.⁵ In contrast, IPR proceedings permit challenges to patent validity based solely on patents and printed publications that qualify as prior art under 35 U.S.C. §§102 and 103.⁶

Another point of comparison is the timing limitations applicable to each type of proceeding. As noted, PGR proceedings are available only during a nine-month window from patent issuance.⁷ Except with respect to first-to-invent patents (for which PGR is not available), an IPR or CBM proceeding cannot be filed for a particular patent

¹ 35 U.S.C. § 6.

² See *id.* §§ 122(e), 257.

³ Although CBM reviews are a special type of PGR proceeding, for convenience they are generally described in this article as if separate proceedings.

⁴ Patents issuing on applications filed on or after March 16, 2013 are referred to herein as “first-inventor-to-file patents;” patents issuing on applications filed prior to that date are referred to herein as “first-to-invent patents.”

⁵ Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680, 48687 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

⁶ 35 U.S.C. § 311(b).

⁷ *Id.* § 321(c).

until after expiration of the nine-month PGR window or termination of any instituted PGR proceeding.⁸ In addition, a petition to institute a CBM proceeding can be filed only after the petitioner has been sued for or charged with infringement of the relevant patent.⁹ A petition for IPR must be filed within one year after the petitioner was served with a complaint for infringement of the patent.¹⁰

Other important similarities and distinctions among the three types of proceedings concern the applicable standard of review, the scope of permitted discovery and the statutory estoppel provisions. Sections II.A, II.B, and II.C below discuss some of the more significant rules and procedures specific to PGR, CBM, and IPR proceedings, respectively.¹¹ Section II.D summarizes the rules and trial practice procedures that are common to each of these types of proceedings.

A. Post-Grant Review (PGR)

The rules governing PGR proceedings are codified at 37 CFR 42, subpart C. A PGR proceeding can be used to challenge an issued patent having an earliest effective filing date on or after March 16, 2013. A PGR proceeding can be instituted only during a brief window after the issuance or reissuance of a patent. The window begins on the date of issue or reissue and continues until (on or before) the date that is nine months thereafter.¹² Note that PGR is not permitted for a reissue patent claim that is identical to or narrower than a claim that was originally allowed more than nine months prior.

A petition for PGR must certify the grounds for standing, *i.e.*, must specify why the petitioner is eligible to file the petition. The petition must also clearly identify all grounds for challenging the validity of the patent. The available grounds for challenge in a PGR include any of the grounds provided for in paragraphs two or three of 35 USC 282 (b), *i.e.*, any of: 35 USC §101, §102, §103, or 35 USC § 112 (except for best mode).¹³ In addition, the petition must clearly explain the application of those grounds to the challenged patent claims.¹⁴ The petition must identify clearly the differences between a challenged claim and the prior art, especially when asserting § 103 obviousness.¹⁵

A PGR petition should also address the scope of the prior art, provide complete claim constructions and specify where there may be alternative claim constructions or alternative findings of fact.¹⁶ The PTAB has discretion to exclude or give no weight to any evidence that does not specifically relate to a challenged claim or that lacks sufficient explanation as to its relevance.¹⁷ A PGR petition must present a sufficiently strong case that would demonstrate, prior to rebuttal, that it is “more likely than not” the case that at least one claim is invalid.¹⁸ The PTAB may also decide to institute a PGR where the petition “raises a novel or unsettled legal question that is important to other patents or patent applications.”¹⁹

The patent owner may oppose a petition for PGR: first, by way of an optional preliminary response before the PTAB rules on the petition; and second, by way of a patent owner’s response after the PTAB grants the petition and initiates the proceeding. The patent owner also has an opportunity to amend the patent to cancel a challenged claim or propose a reasonable number of substitute claims, which must be narrower in scope than the originally issued claims.²⁰ Each party has the opportunity for limited discovery. In particular, each party is permitted to discover evidence “directly related to factual assertions advanced by either party in the proceeding.”²¹ Requests for additional discovery require a showing of good cause.²²

A PGR petition may not be filed if the petitioner or real party in interest previously filed a civil action challenging the validity of a claim of the patent.²³ If the petitioner or real party in interest files a civil action challenging the validity of the patent concurrently with or subsequent to the filing of the PGR petition, the civil action will be

⁸ *Id.* §§ 311(c); 37 C.F.R. 42.303.

⁹ 37 C.F.R. 42.302(a).

¹⁰ 35 U.S.C. § 315(b).

¹¹ For a comprehensive list of all rules and procedures related specifically to trial practice before the PTAB, refer to: 37 C.F.R. § 42 subpart A.

¹² *See* 37 C.F.R. § 42.202(a).

¹³ *See id.* § 42.204.

¹⁴ *Id.*

¹⁵ Message from Michael Tierney, Lead Judge: Tips for Filing Petitions and Making Successful Arguments Before the Patent Trial and Appeal Board, (02:50 PM Feb. 25, 2013), http://www.uspto.gov/blog/aia/entry/message_from_michael_tierney_lead.

¹⁶ *Id.*

¹⁷ *See* 37 C.F.R. § 42.204(b)(5).

¹⁸ *Id.* § 42.208.

¹⁹ 35 U.S.C. § 324(b).

²⁰ 37 C.F.R. § 42.221.

²¹ *Id.* § 42.224.

²² *Id.*

²³ 35 U.S.C. § 325(a).

automatically stayed.²⁴ Importantly, a counterclaim of invalidity does not qualify as a civil action challenging validity.²⁵ The automatic stay will be lifted if the patent owner moves to have it lifted or files an action or counterclaim for infringement. Notably, if a patent owner files a civil action for infringement within three months after the date on which the patent is issued, the court may not stay its consideration of a preliminary injunction motion on the basis that a PGR petition has been filed or that a PGR has been instituted.²⁶

Upon the issuance of a final written decision by the PTAB, the petitioner or real party in interest is estopped from asserting in a civil action or International Trade Commission proceeding that any patent claim challenged in the PGR is invalid based on any ground raised or that reasonably could have been raised in the PGR.²⁷ Similarly, following the PTAB's final written decision, the petitioner may not request or maintain another proceeding before the USPTO (e.g., IPR or reexamination) to challenge a patent claim on any ground that was raised or reasonable could have been raised during the PGR.²⁸ The statutory estoppel does not apply, however, with respect to any ground raised in a PGR petition for which the PTAB declines to institute a PGR. Likewise, estoppel does not attach when the parties settle their dispute before the PTAB renders its final written decision in a PGR.

The combined effect of the estoppel provisions and litigation stay provisions of the AIA relating to PGR is that the petitioner is afforded one opportunity to challenge patent validity, either before the PTAB or in litigation. In a PGR proceeding, the petitioner carries the burden to show that the patent is invalid by a preponderance of the evidence; in court, the petitioner must establish invalidity under the higher standard of clear and convincing evidence. While the duration of a PGR is set by statute to be 12 – 18 months, litigation can obviously take considerably longer. In addition, patent claims are given their broadest reasonable construction in a PGR,²⁹ but are given a narrower construction under the *Phillips v. AWH Corp.* standard in litigation.³⁰

B. Covered Business Method (CBM) Review

CBM review is a transitional program and, unless further extended by Congress, will be in effect only until September 15, 2020.³¹ The rules governing CBM review proceedings are codified at 37 CFR 42, subpart D. A CBM petition may be filed only if the petitioner has been sued or charged with infringement, or otherwise has standing to challenge the validity of the patent under the current declaratory judgment standard. A CBM review of a first-to-invent “business method patent” may be instituted any time after patent issuance, and a CBM review of a first-inventor-to-file “business method patent” may be instituted nine months after issuance or upon conclusion of any PGR that may have been instituted (i.e., after the PGR window).³²

A covered “business method patent” is defined as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.”³³ An invention qualifies as a technological invention when “the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution,” as determined on a case-by-case basis.³⁴

A petition for CBM review must demonstrate that it is “more likely than not” that at least one challenged claim is unpatentable.³⁵ Like a PGR petition, a CBM petition can challenge a patent claim based on any of the grounds provided for in paragraphs two or three of 35 USC 282 (b), i.e., any of: 35 USC §101, §102, §103, or 35 USC § 112 (except for best mode).³⁶ One caveat, however, is that for first-to-invent patents, the prior art that can be used to challenge validity is limited as follows: (a) prior art under the pre-AIA version of 35 U.S.C. § 102; and (b) prior art disclosures made more than one year before the application filing date of the challenged patent that would qualify as prior art under the pre-AIA version of 35 U.S.C. § 102 if made by another prior to the invention thereof by the applicant for the challenged patent.³⁷

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.* § 325(b).

²⁷ *Id.* § 325(e).

²⁸ *Id.*

²⁹ 37 C.F.R. § 42.300(b).

³⁰ *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) describes the hierarchy of evidentiary source usable for claim construction used in litigation.

³¹ 37 C.F.R. § 42.300(d).

³² *Id.* § 42.303.

³³ *Id.* § 42.301(a).

³⁴ *Id.* § 42.301(b).

³⁵ 35 U.S.C. § 324(a).

³⁶ See 37 C.F.R. § 42.300(a).

³⁷ See *id.* § 42.304(b)(2).

The scope of discovery permitted in CBM proceedings is the same as in PGR proceedings, i.e., each party is entitled to discovery of evidence directly related to factual assertions made by the other party. A final written decision by the PTAB in a CBM proceeding triggers estoppel provisions similar to those applicable to a PGR proceeding. However, the estoppel following a CBM proceeding precludes the challenger from raising any issue in a subsequent USPTO proceeding that was raised or reasonably could have been raised in the CBM, and from raising in any civil litigation or International Trade Commission proceeding any issue that was actually raised in the CBM.³⁸ A district court may consider, but is not required to grant, a stay in a co-pending infringement action involving the challenged patent. Either party may make an immediate interlocutory appeal from a district court's decision to grant or deny such a motion for stay.

C. *Inter Partes* Review (IPR)

IPR replaces the former *inter partes* reexamination. IPR proceedings may be instituted for patents issued on application filed on, before or after March 16, 2013. A petition for IPR can be submitted any time after patent issuance for any first-to-invent patent. A petition for IPR can be filed nine months after issuance or upon conclusion of any PGR that may have been instituted (*i.e.*, after the PGR window) for any first-inventor-to-file patent.³⁹ An IPR petition must be filed within one year of the date the petitioner was served with a complaint for patent infringement.

Anyone except the patent owner can petition for IPR, unless the same party or the real party in interest previously filed a civil action challenging the validity of the patent or is otherwise barred from challenging the claims by the estoppel provisions applicable to PGR and CBM.⁴⁰ The available grounds for challenging patent invalidity are limited to 35 U.S.C. §§ 102 and § 103 and the admissible prior art further is restricted to patents and printed publications.⁴¹ The PTAB may institute an IPR if the petition and supporting evidence demonstrate a "reasonable likelihood that at least one of the claims challenged is unpatentable."⁴² Discovery permitted in an IPR proceeding is limited to depositions of declarants and, in the discretion of the PTAB, as otherwise in the interest of justice.⁴³

As with a PGR proceeding, if the petitioner or real party in interest files a civil action challenging the validity of the patent concurrently with or subsequent to the filing of the IPR petition, the civil action will be automatically stayed.⁴⁴ Again, a counterclaim of invalidity does not qualify as a civil action challenging validity and the automatic stay will be lifted if the patent owner moves to have it lifted or files an action or counterclaim for infringement. The statutory estoppel provisions applicable to IPR proceedings mirror those applicable to PGR proceedings.⁴⁵ Upon the issuance of a final written decision by the PTAB, the petitioner or real party in interest is estopped from asserting in a civil action, International Trade Commission proceeding or other USPTO proceeding that any patent claim challenged in the IPR is invalid based on any ground raised or that reasonably could have been raised in the IPR.⁴⁶ Again, the statutory estoppel does not apply with respect to any ground raised in an IPR petition for which the PTAB declines to institute an IPR or when the parties settle their dispute before the PTAB renders its final written decision in an IPR.

D. Summary of Procedures Common to PGR, CBM, and IPR⁴⁷

A party wishing to challenge a patent through an IPR, PGR, or CBM proceeding must file a petition to institute the proceeding. According to the applicable statutory and regulatory requirements,⁴⁸ a petition for institution of an IPR, PGR or CBM proceeding must:

1. identify all real parties in interest;
2. identify grounds for standing;
3. identify all of the challenged claims, all of the grounds on which the challenge is based (petitioner cannot reserve evidence or arguments);

³⁸ See *id.* § 42.302.

³⁹ See *id.* § 42.102.

⁴⁰ See *id.* § 42.101.

⁴¹ See *id.* § 42.104.

⁴² *Id.* § 42.108.

⁴³ 35 U.S.C. § 316(a)(5).

⁴⁴ *Id.* § 315(a)(2).

⁴⁵ See *id.* § 315(e).

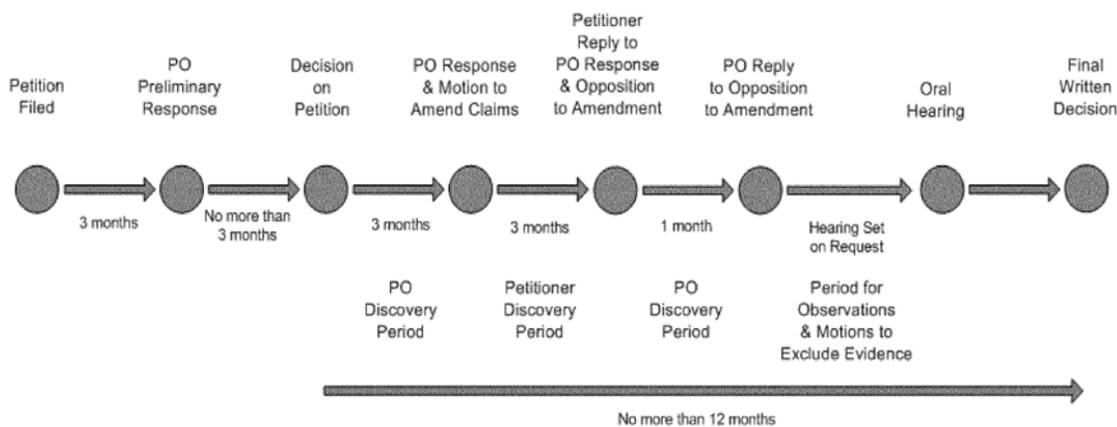
⁴⁶ *Id.*

⁴⁷ See Tips for Filing Petitions and Making Successful Arguments Before the Patent Trial and Appeal Board, *supra* note 15.

⁴⁸ See 35 U.S.C. chs. 31-32; 37 C.F.R. 42.

4. explain the argument(s) against patentability with specificity for each challenged claim, including providing a claim construction for each challenged claim;
5. include copies of all evidence relied upon and explain with specificity the relevance of such evidence; and
6. be accompanied by a payment of the applicable fees.

The patent owner is entitled to file a preliminary response to the petition within three months of the petition filing date.⁴⁹ The PTAB must then decide whether to grant or deny the petition within three months of patent owner's preliminary response or, if not filed, the date on which the preliminary response would have been due.⁵⁰ Each type of proceeding must be concluded with a final written decision by the PTAB no later than 12 months from a decision to initiate the proceeding, although this deadline is extendable for good cause by up to six months.⁵¹ The graphic below indicates the default timeline for PGR, CBM, and IPR proceedings.⁵² Each individual proceeding, however, will be governed by a scheduling order set by the PTAB and some deadlines may be varied by stipulation of the parties.⁵³



(1) Patent Owner's Response/Motion to Amend

Within three months following a decision by the PTAB to initiate a PGR, CBM, or IPR proceeding, unless another due date is set by the PTAB, the patent owner may file a response to the petition and any desired motion to amend the challenged patent claims.⁵⁴ During this three-month period, the patent owner is permitted to conduct discovery, according to the applicable rules of procedure (discussed below). If the patent owner elects not to file a response, the patent owner must arrange for a conference call with the PTAB to discuss whether or not the patent owner will file a request for adverse judgment.⁵⁵

The patent owner's response should identify all challenged claims that are believed to be patentable and state the basis for that belief. The response should also include any affidavits or additional factual evidence that the patent owner will rely upon and explain the relevance of such evidence. The response may include a claim chart identifying key features of a challenged claim and comparing those features with specific evidence.

Any motion to amend must be filed as a separate paper no later than the filing of the patent owner's response.⁵⁶ A motion to amend must, in 15 pages or less,⁵⁷ present a proposed amendment or substitution of claims, explain how the amendment or substitution obviates the grounds of unpatentability underlying the institution of the IPR and identify written description support in the specification for the new claim language.⁵⁸ Importantly, a motion to amend must present technical facts and reasoning about the recitations proposed to be added to a claim, which must be sufficient to persuade the PTAB that the amended claim would be patentable over the prior art of record

⁴⁹ 37 C.F.R. 42.107(b), 42.220(b).

⁵⁰ 35 U.S.C. §§ 314(b), 324(c).

⁵¹ *Id.* §§ 316(a)(11), 326(a)(11).

⁵² Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48757 (Aug. 14, 2012).

⁵³ *Id.* at 48768.

⁵⁴ 37 C.F.R. §§ 42.120(b), 42.121(a)(1).

⁵⁵ 77 Fed. Reg. 48756, 48766 (Aug. 14, 2012).

⁵⁶ *Id.* § 42.121(a)(1).

⁵⁷ *Id.* § 42.24(a)(v).

⁵⁸ *Id.* § 42.121(a)(2)-(3).

and any other prior art known to the patent owner.⁵⁹ Thus, a motion to amend that explains how a claim amendment or substitution would overcome a ground of unpatentability but fails to address other known prior art will likely be denied.

Only a reasonable number of substitute claims may be offered in a motion to amend, and there is a presumption that only one substitute claim is needed to replace each challenged claim.⁶⁰ If a motion to amend includes a proposed substitution of claims beyond a one-for-one substitution, the motion must explain why more than a one-for-one substitution of claims is necessary.⁶¹ Additional amendments may be allowed if jointly requested by the patent owner and the petitioner to advance settlement.⁶² A proposed claim amendment or substitution may not enlarge the scope of a claim or introduce new subject matter.⁶³ A motion to amend must not make any change to claims not involved in the IPR proceeding. Only one motion to amend is permitted.⁶⁴

(2) Petitioner's Reply / Opposition to Proposed Claim Amendments

Following the patent owner's response, the petitioner is typically given 3 months to file a reply to the patent owner's response and an opposition to any motion by the patent owner to amend the challenged patent claims. The petitioner is permitted to conduct discovery during this period, according to the applicable rules of procedure (discussed below). Petitioner's reply may only respond to arguments raised in the patent owner's response.⁶⁵ If a reply raises new issues or belatedly presents evidence that could have been presented in a prior filing, the reply will not be considered. However, in the case where the patent owner files a motion to amend, the petitioner may file an opposition to respond to new issues arising from proposed substitute claims and to present evidence, including new expert declarations, to rebut the patent owner's position on patentability of the proposed substitute claims.⁶⁶

(3) Patent Owner's Reply to Petitioner's Opposition

In cases where the patent owner files a motion to amend any of the challenged patent claims and the petitioner files an opposition to such motion, the patent owner may within one month of the petitioner's opposition, or any other deadline set by the scheduling order, file a reply to the petitioner's opposition.⁶⁷ The patent owner may conduct additional discovery, according to the applicable rules of procedure, during this reply period.

(4) Discovery and Testimony

Prior to the filing of the patent owner's preliminary response, the parties may agree to mandatory initial disclosures. Such an agreement would have the effect of automatically allowing the parties to take discovery of the information identified in their respective initial disclosures at the commencement of the proceeding.⁶⁸ If the parties do not agree to mandatory initial disclosures, they must obtain discovery by motion or as follows:

(a) Any exhibit cited in a paper or testimony must be served with the paper or testimony.⁶⁹ The opposing party is permitted to cross-examination affidavit testimony, but must be authorized and given time limits by the PTAB.⁷⁰ In addition, if a party comes across relevant information that is inconsistent with their position, this information must also be served unless privileged.⁷¹

(b) Additional discovery may be permitted by agreement of both parties between themselves, or on behalf of one party who must move for additional discovery "in the interests of justice" (for IPR) or "directly related to factual assertions advanced by either party" (for PGR), including a detailed explanation of the reasons for the request.⁷²

Uncompelled direct testimony must be submitted as an affidavit, which can be an *ex parte* deposition transcript.⁷³ All other testimony must be in the form of a deposition transcript.⁷⁴ The PTAB can also require or authorize video-

⁵⁹ Medline Indus. v. Hartmann, Case IPR 2013-00173; Patent 8,152,788, Paper 22 (July 25, 2013).

⁶⁰ 37 C.F.R. §§ 42.121(3), 42.221(3).

⁶¹ *Id.* § 42.121.

⁶² 35 U.S.C. § 316(d).

⁶³ 37 C.F.R. §§ 42.121(2), 42.221(2).

⁶⁴ *Id.*

⁶⁵ 37 C.F.R. § 42.23.

⁶⁶ 35 U.S.C. §§ 316(a), 326(a).

⁶⁷ 37 C.F.R. § 42.25(a)(2).

⁶⁸ See 37 C.F.R. § 42.51(a).

⁶⁹ *Id.* § 42.51 (b)(1).

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.* § 42.51 (b)(3).

⁷³ *Id.* § 42.53.

recorded testimony. The proponent of the video-recorded testimony typically bears all costs, not including opponent's attorney's fees.⁷⁵ Expert testimony is permitted, but is accorded little to no weight without the support of disclosed data.⁷⁶ An expert must also produce an affidavit explaining the test protocol.⁷⁷ The PTAB does not permit any testimony relating to US patent law practice.⁷⁸

In order to compel testimony and production, a party must file a motion for authorization. For production outside of the US, this motion must additionally explain why it can be compelled in the foreign jurisdiction and demonstrate that the party has made reasonable efforts to obtain the same evidence in the US first.⁷⁹

Confidential information may be protected from further disclosure by way of a protective order. A party seeking to protect confidential information during a PGR, CBM or IPR proceeding must file a motion to seal along with a proposed protective order.⁸⁰ The parties may jointly propose a protective order, or each party may propose its own protective order. Upon a showing of good cause, the PTAB may issue a proposed protective order or its own protective order. The party seeking to protect its confidential information must submit that information to the PTAB upon filing its motion to seal, but is not required to serve the information on the other party until the PTAB issues or declines to issue a protective order.⁸¹

(5) Motions to Exclude; Motions for Observation; Other Motions

If a party wishes to challenge the admissibility of evidence, it must timely object to the evidence at the point it is offered and then preserve the objection by filing a motion to exclude the evidence.⁸² A motion to exclude evidence must specify where in the record the objection was made and where in the record the objectionable evidence was relied upon by the other party.⁸³ A motion to exclude must specify the basis for the objection (e.g., hearsay, irrelevant, etc.) but may not be used to challenge the sufficiency of the evidence.⁸⁴ Deadlines for filing motions to exclude will be set in the scheduling order.⁸⁵

Sometimes, a party may cross-examine a witness after that party has filed its last substantive paper on an issue. In some cases, the cross-examining party may wish to call some of the testimony to the attention of the PTAB. Upon motion, the PTAB may authorize the filing of an observation regarding such testimony and a response to the observation. An observation should be a concise (no more than one paragraph) statement of the relevance of identified testimony to a particular issue in the proceeding and any response should be equally concise.⁸⁶ An observation or a response to an observation may not be used to raise new issues, re-argue issues or pursue objections. An observation should generally be in the following form:

In exhibit __, on page __, lines ____, the witness testified "_____" This testimony is relevant to the _____ on page __ of _____. The testimony is relevant because _____.⁸⁷

Many other types of motions may be filed in PGR, CBM, and IPR proceedings, including motions to seal, motions for joinder, motions to file supplemental information, motions for judgment based on supplemental information, motions for observations on cross-examination, etc.⁸⁸ Any motion must contain a precise statement of the requested relief, a comprehensive statement of the reasons for the request and the relevant material facts, law, rules, and precedent.⁸⁹ The non-moving party has one month to file an opposition to the motion.⁹⁰ If a party believes it has a basis to request relief on a ground not identified in the rules, that party may arrange for a conference call with the PTAB and the opposing party to discuss the requested relief.⁹¹

(6) Hearing

⁷⁴ *Id.*
⁷⁵ *Id.*
⁷⁶ *Id.* § 42.65.
⁷⁷ *See id.*
⁷⁸ *See id.* § 42.65.
⁷⁹ *See id.* § 42.52.
⁸⁰ *See id.* § 42.54.
⁸¹ *See id.* § 42.55.
⁸² *Id.* § 42.64(a), (b)(1), and (c).
⁸³ *Id.*
⁸⁴ 77 Fed. Reg. 48756 at 48767.
⁸⁵ *Id.*
⁸⁶ *Id.* at 48768.
⁸⁷ *Id.*
⁸⁸ *Id.* at 48767.
⁸⁹ *See* 37 C.F.R. § 42.24.
⁹⁰ *Id.* § 42.25.
⁹¹ 77 Fed. Reg. 48756 at 48767.

A PGR, CBM, or IPR proceeding will typically include an oral hearing before the PTAB, during which the parties will present arguments and evidence in support of their respective positions and respond to questions posed by the judges. An oral hearing must be requested by one or both parties; otherwise the case will be decided by the PTAB on the written record.⁹² The scheduling order for the proceeding will specify the deadline for requesting an oral hearing.⁹³ The scheduling order will also set the date for the oral hearing in the event one is requested.⁹⁴

During an oral hearing, the parties may not present new evidence or arguments; the parties must rely only on evidence and arguments already of record.⁹⁵ A party may file a motion for live testimony, which may be allowed by the PTAB in appropriate situations. However, the PTAB has indicated that it generally views live testimony during oral argument to be unnecessary.⁹⁶ In addition, elaborate demonstratives will usually be prohibited at an oral hearing, but a handout or binder containing demonstrative exhibits may be allowed.⁹⁷

(7) Final Decision; Appeal to CAFC

PGR, CBM, and IPR proceedings will conclude with a final written decision by the PTAB. A party dissatisfied with the decision may file a request for rehearing.⁹⁸ The party that files the request for rehearing has the burden of showing that the decision should be modified. The request for rehearing must identify all matters the party believes were misapprehended or overlooked by the PTAB, and where each matter was previously addressed in a motion, an opposition or a reply.⁹⁹ Absent a showing of good cause, a request for rehearing may rely only on evidence already of record. The other party is not permitted to file a response to the request for rehearing unless requested to do so by the PTAB. The PTAB will normally rule on a request for rehearing within approximately one month from the filing of the request.¹⁰⁰

A party dissatisfied with the PTAB's final decision may appeal that decision to the Federal Circuit Court of Appeal under 35 U.S.C. § 141. A notice of appeal must be filed with the Director of the USPTO within 60 days after the date of the PTAB's final decision.¹⁰¹

(8) Settlements

The PTAB generally encourages, and is available to facilitate, settlement discussions between the parties. In some cases, the PTAB may require settlement discussions as part of the PGR, CBM, or IPR proceeding. The proceeding will normally be terminated after the filing of a settlement agreement by the parties, unless the PTAB has already decided the merits of the proceeding.¹⁰²

III. Derivation

The AIA replaced patent interference proceedings with new patent derivation proceedings. A derivation proceeding is a mechanism for determining whether an invention claimed in an earlier-filed patent application was derived by the named inventor from someone else. In other words, the goal of a derivation proceeding is to ensure that the first person to file a patent application under the new first-inventor-to-file system is in fact the true inventor. Derivation proceedings apply only to patent applications filed on or after March 16, 2013 and patents issued on such applications.¹⁰³

A derivation proceeding is designed to resolve a conflict between a later-filed patent application and an earlier-filed patent application or a patent issued on an earlier-filed patent application. To invoke a derivation proceeding, the applicant of the later-filed patent application must file a petition setting forth with particularity the basis for alleging derivation and substantial evidence in support of the allegation.¹⁰⁴ The petition must include at least one affidavit showing that the invention was communicated directly or indirectly from the petitioner to an inventor

⁹² See 37 C.F.R. § 42.70.

⁹³ 77 Fed. Reg. 48756 at 48768.

⁹⁴ See *id.* at 48769.

⁹⁵ See *id.* at 48768.

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ 37 C.F.R. § 42.71.

⁹⁹ *Id.*

¹⁰⁰ 77 Fed. Reg. 48756 at 48768.

¹⁰¹ 35 U.S.C. §§ 141(c), 142.

¹⁰² *Id.* §§ 317(a) (as amended), 327.

¹⁰³ The derivation proceedings are governed by the newly amended 35 USC § 135 (formerly interferences) and 35 USC § 291 which went into effect on March 16, 2013.

¹⁰⁴ The requirements for a complete derivation petition are laid out in 37 C.F.R. § 42.405; see *also* 35 U.S.C. 135 (a)(1).

named in the earlier-filed application.¹⁰⁵ The USPTO advises that the entire case be set forth in the petition. The petition will be deemed insufficient unless the evidence provided fully supports a determination of derivation.¹⁰⁶

A petition for a derivation proceeding must be filed within one year of the first publication of any patent claim that is sought to be invalidated as a derivative.¹⁰⁷ The challenged patent claim may have been published in a US patent application, a granted US patent or a PCT patent application. To properly be the subject of a derivation proceeding, the earlier-filed patent application must include a claim that is directed to the same invention as at least one claim in the later-filed patent application. Consistent with prior patent interference practice, the USPTO views two claims to be directed to the same invention when the claims are not “patentably distinct.”¹⁰⁸

A derivation petition is most likely to succeed when the petitioner’s own claim is in condition for allowance but for the existence of the earlier application or patent. The Director’s determination to institute or not to institute a derivation proceeding is final and not appealable.¹⁰⁹ A derivation proceeding is a trial proceeding governed by the same general rules of practice applicable to IPR, PGR, and CBM proceedings. The evidence presented in the petition is subject to cross-examination and rebuttal evidence.

Upon conclusion of a derivation proceeding, the PTAB will decide whether the named inventor in the earlier-filed application derived the claimed invention from and filed the application without authorization from, the petitioner. If so, the challenged claims in the earlier-filed application will be finally rejected and deemed not patentable. In appropriate cases, the PTAB may also correct the naming of inventors of any patent or application at issue in the derivation proceeding. The parties to a derivation proceeding may settle their dispute by agreement or may agree to submit their dispute to arbitration. After a final decision is rendered by the PTAB, the losing party can request review of that decision by a US District Court or can appeal the decision directly to the Court of Appeals for the Federal Circuit.

The AIA also amended 35 U.S.C. § 291, which previously authorized civil actions based on interfering patents, to authorize civil actions based on patent derivation. A patent owner may file a civil action in a US District Court to challenge the claims in an earlier-issued patent under a derivation theory. The complaint must be filed within one year of the grant of the challenged patent.¹¹⁰ The plaintiff must show that the same invention is claimed in the plaintiff’s and defendant’s patents and that an inventor named on the defendant’s patent derived the claimed invention from an inventor named on the plaintiff’s patent. The “same invention” standard applicable in civil actions under 35 U.S.C. § 291 is more narrow than the “same or substantially the same invention” standard used in derivation proceedings before the PTAB.

IV. Pre-Issuance Submissions

The AIA amended 35 U.S.C. § 122(e) to enact a new procedure by which third parties can submit prior art to the USPTO for consideration by the patent examiner and inclusion in the record for any non-provisional utility, design, or plant patent application. Such “pre-issuance submissions” may be filed by anyone other than the applicant for, or any individual who has a duty to disclose information under 37 C.F.R. § 1.56 with respect to, the applicable patent application. Only prior-art patents, published patent applications, and other printed publications may be submitted. The pre-issuance submission procedure took effect on September 16, 2012 and applies to all pending patent applications filed either before or after that effective date.

Pre-issuance submissions are permitted only during a narrow window of time, after the application filing date but before the earlier of: (1) the date of the notice of allowance or (2) the later of (a) six months after first publication of the application, or (b) the date of a first substantive office action.¹¹¹ In addition to being timely filed, a pre-issuance submission must be in writing and must include: (1) a list identifying the items being submitted; (2) a concise description of the relevance of each item listed; (3) a legible copy of each non-US patent document listed; (4) an English language translation of any non-English language item listed; (5) a statement by the party making the submission that the submission complies with the statute and the rule; and (6) the required fee.¹¹²

¹⁰⁵ See 37 C.F.R. § 42.204.

¹⁰⁶ See *id.* § 42.405(c).

¹⁰⁷ See 35 U.S.C. § 135(a)(2).

¹⁰⁸ See 37 C.F.R. § 42.401; see also, e.g., M.P.E.P. § 2301.03.

¹⁰⁹ See 35 U.S.C. § 135 (a)(4).

¹¹⁰ See *id.* § 291.

¹¹¹ See 37 C.F.R. § 1.290.

¹¹² Changes To Implement the Preissuance Submissions by Third Parties Provision of the Leahy-Smith America Invents Act, 77 Fed. Reg. 42150 (Jul. 17, 2012).

The required “concise description of relevance” may not propose rejections of the pending patent claims, submit arguments against patentability, or set forth conclusions regarding whether one or more claims are patentable.¹¹³ The concise description of relevance should instead be used to explain how the prior art publication is of potential relevance to the examination of the subject patent application.¹¹⁴ The concise description should cite to the relevant pages or lines of each submitted publication and include a brief summary of the relevant issues. The concise description may be presented in narrative form or in the form of a claim chart. Importantly, the pre-issuance procedure does not afford the third party submitter any opportunity to argue the relevance of the submitted prior art beyond the initial concise description of relevance.

V. Supplemental Examinations

35 U.S.C. § 257, newly enacted by the AIA, allows a patent owner to request supplemental examination of its patent so that the USPTO can “consider, reconsider, or correct information believed to be relevant to the patent.”¹¹⁵ The supplemental examination provisions became effective on September 16, 2012 and are applicable to any patent retrospectively or prospectively that meets the statutory requirements. Supplemental examination may be requested at any time within the period of enforceability of a patent.¹¹⁶ A supplemental examination must be requested by the owner(s) of the entire interest in the patent.¹¹⁷ A third party – even an exclusive licensee under the patent – is precluded from filing a request for supplemental examination.

Unlike a traditional patent reexamination, in which only prior art patents and printed publications can be considered, a supplemental reexamination can be based on any type of information that the patentee believes is relevant to the patent. Each request for supplemental examination is limited, however, to 12 items of prior art or other information.¹¹⁸ All submitted information must be in written form, e.g., any audio or video evidence must be transcribed.¹¹⁹ The request must include a list specifically identifying each patent claim and item of information for which the patentee seeks supplemental examination, a detailed explanation of the relevance of the patentee’s position and arguments related to each claim or item of information, and an identification and certification of ownership of the patent interest.¹²⁰ The patentee must also provide a list of any prior or concurrent proceedings involving the patent at issue.¹²¹

Within three months from the patent owner’s request for supplemental examination, the USPTO must decide whether the arguments and information included in the request raise any substantial new question of patentability.¹²² If the USPTO finds that a substantial question of patentability was raised, it will order an *ex parte* reexamination, which is conducted much like a pre-AIA *ex parte* reexamination.¹²³ If not, the USPTO adds the new material to the file and concludes the supplemental examination.¹²⁴ The patent owner is thereafter shielded from potential allegations of inequitable conduct with regard to the material introduced in this way.¹²⁵ However, the procedure does not immunize a patentee from potential liability for a material fraud committed during prosecution.¹²⁶ Improper submissions will not be considered, interviews are prohibited and amendments may not be filed in conjunction with a supplemental examination.¹²⁷

A request for supplemental examination is relatively expensive, especially in comparison to a patent reissue application.¹²⁸ Also, if the request for supplemental examination is granted and an *ex parte* reexamination initiated, the scope of prosecution available to the patent owner is significantly more limited than that available for a reissue application. For example, the patent owner in an *ex parte* reexamination does not have an opportunity to file a Request for Continued Examination or another continuing application. Still, an important advantage of supplemental examination over reissue is that, unlike in a reissue application, a patent owner is not required in a

¹¹³ See *id.* at 42156.

¹¹⁴ *Id.*

¹¹⁵ 35 U.S.C. § 257.

¹¹⁶ 37 C.F.R. § 1.601(c).

¹¹⁷ See 37 C.F.R. § 1.601(a).

¹¹⁸ *Id.* § 1.605(a).

¹¹⁹ *Id.* § 1.605(c).

¹²⁰ *Id.* § 1.610.

¹²¹ Supplemental Examination requirements are presented in detail at 37 C.F.R. § 1.610.

¹²² 35 U.S.C. § 257(a).

¹²³ See 37 C.F.R. § 1.625.

¹²⁴ *Id.*

¹²⁵ Statutory and Regulatory Authority for supplemental examinations may be found at 35 U.S.C. § 257 and 37 C.F.R. § 1 subpart E, § 1.601 - § 1.625.

¹²⁶ See 35 U.S.C. § 257(e).

¹²⁷ See 37 C.F.R. § 1.620.

¹²⁸ In January 2015, the filing, search, and examination fees for a reissue application total \$3,040 for a large entity (some additional fees apply if the reissue Application issues). A request for supplemental examination is \$16,500 (including a fee of \$4,400 for processing and \$12,100 for *ex parte* reexamination ordered as a result of a supplemental examination proceeding) for a large entity.



request for supplemental examination to admit a defect in the patent. Furthermore, a request for supplemental examination will be refused when the USPTO determines that no substantial new questions of patentability have been raised.¹²⁹ Thus, a patent owner may attempt to use a supplemental examination as a fast way to have the USPTO confirm patentability over certain prior art that a third party might otherwise assert in litigation as a basis for patent invalidity.

¹²⁹ See 37 C.F.R. § 1.625(c).

VI. Appendix

A. Comparison of post-issuance review proceedings¹³⁰

	IPR	PGR	CBM
When is a Petition Ripe?	Cannot be filed until after the later of: 1. 9 months after the grant of a patent or issuance of a reissue of a patent; or 2. The date of termination of any post-grant review of the patent.	On or prior to the date that is 9 months after the grant of a patent or issuance of a reissue patent.	Patents under First-to-Invent Provisions: ▪ Upon issuance Patents under First-Inventor-to-File Provisions: ▪ 9 months after the issuance of a patent that is subject to the first inventor-to-file provisions.
Who Files a Petition?	A person who is not the patent owner and has not previously filed a civil action challenging the validity of a claim of the patent may petition.		Only a person who is sued or charged with infringement of a covered business method patent may petition for a covered business method review of the patent.
Grounds for Filing Challenge to Patent?	May request to cancel as unpatentable one or more claims of a patent on a ground that could be raised under 35 U.S.C. §§ 102 or 103 and only on the basis of prior art consisting of patents or printed publications	May request to cancel as unpatentable one or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of 35 U.S.C. § 282(b) relating to invalidity (i.e., §101, novelty, obviousness, written description, enablement, indefiniteness, but not best mode).	Patents under First-to-Invent Provisions: ▪ Limited prior art shall apply Patents under First-Inventor-to-File Provisions: ▪ Any ground
Statutory & Regulatory Requirements?	<p><u>Statutory:</u></p> <ol style="list-style-type: none"> 1. identify all real parties in interest; 2. identify all claims challenged & all grounds on which the challenge to each claim is based; 3. provide copies of evidence relied upon; and 4. payment of required fee <p><u>Regulatory:</u></p> <ol style="list-style-type: none"> 1. identify the grounds for standing; 2. provide a claim construction for each challenged claim; 3. specifically explain the grounds for unpatentability; and 4. specifically explain the relevance of evidence relied upon. 		
Patent Owner Preliminary Response to Petition?	Yes – within three months		
Petition Page Limit?	60 double-spaced pages (single spacing for claim charts)	80 double-spaced pages (single spacing for claim charts)	

¹³⁰ AIA Blog, Comparison of IPR, PGR, and CBM Petitions, (02:50 PM Feb. 25, 2013), <http://www.uspto.gov/blog/aia/> (last visited October 16, 2014).